



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, August 20, 2019

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
APPROVED MINUTES**

- PRESENT:** Jeanne Alspaugh
Sherry Henry
Ken McKenzie
Richard Newman
David Winter
- ABSENT:** Linda Dillenbeck, Chairperson
Camille Hill, Vice Chair
- STAFF:** Karen Churchard
Steve Geiogamah
Ana Lia Johnson
Stephanie Tippet
Kroy Ekblaw
- GUESTS:** Robert Ramirez, LORE Southwest Media & Arts
Olivia Treviño, LORE Southwest Media & Arts
Rachel Sacco, Experience Scottsdale
Frank Maguire, ArtFest of Scottsdale
Andrew Maguire, ArtFest of Scottsdale
Brian Cannon
Rad Massanelle
Lacrecia Torba
Carol Skjaeris, Scottsdale Philharmonic

1. Call to Order/Roll Call

Commissioner McKenzie called the meeting of the Scottsdale Tourism Development Commission to order at 8:00 a.m., and noted the presence of a quorum.

2. Approval of Minutes

- June 18, 2019 Regular Meeting Minutes

Commissioner McKenzie called for comments and/or changes. There were none.

COMMISSIONER ALSPAUGH MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE TOURISM DEVELOPMENT COMMISSION OF JUNE 18, 2019 AS PRESENTED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 4-0 WITH COMMISSIONERS ALSPAUGH, HENRY, MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. COMMISSIONER WINTER HAD NOT YET ARRIVED.

3. Planning of Annual Work Study Session

Steve Geiogamah, Tourism Development Manager provided and reviewed the Work Study Session draft agenda for September 17, 2019, which is anticipated to occur between 8 a.m. and 12 p.m.

4. Scottsdale Stadium Phase One Update

Stephanie Tippet, Stadium Supervisor, stated that at this time, they are on track to meet the February 11th completion date. Exterior walls are up. Structural steel is going in. Framework and utilities are being installed at the press box level. She played a brief video of the progress. The character of the new construction is being developed to fit in with the old as well as bringing a bit of new. Some unique features include board formed concrete. Public art features are being enhanced.

The economic study with Arizona School of Business was just completed and a report will be available soon. It will address the impact of the construction project as well as impacts to tourism and events moving forward. HAPI is being brought onboard to start branding and marketing efforts. Event coordinators and support staff are being hired.

Upcoming hosted events include:

- Spring Training 2020
- Scottsdale 2030 club annual fundraiser
- ALECA K-9 trials
- Mayor's State of the City Address

Commissioner Henry commended the team on the accomplishments made. The Commission is committing significant funds to the development and she asked whether there are plans to come back to the Commission for additional funding. Ms. Tippet said this has not been discussed to this point.

5. Dia de Los Muertos Event Funding Request

Mr. Geiogamah stated that this will be the third year of funding. The event was initially in Community Event funding for \$13,000. Last year they were approved and recommended by City Council for \$65,000 out of New Event Development funding. They anticipate attendance of over 10,000 for the one-day event to take place on November 2nd.

Robert Ramirez and Olivia Treviño with LORE Southwest Media & Arts were present to discuss the event. A brief video recapping the 2018 event was played. Ms. Treviño provided a history of the LORE production company. Mr. Ramirez stated that the company utilizes festivals to focus first on promoting the City of Scottsdale as a tourist destination. LORE also produces high profile festivals in Southern California, including the largest Dia de Los Muertos events in the country.

Ms. Treviño noted that the festival has been wildly popular in Scottsdale. In 2017, 2,500 were expected to attend, however 7,500 attendees were present. The following year, the total increased to 8,500. This momentum indicates continued growth, especially this year, as they triple the festival footprint, double performance programming, art layout and installations. Mr. Ramirez discussed the custom themed art and Ms. Treviño provided a history of the Day of the Dead festival. Mr. Ramirez stressed the development and growth of the event's relationship with the Adobe Mission. Over the last two years, attendance to Adobe Mission has broken records with the most amount of donations received in its history.

Ms. Treviño stated that in an effort to highlight Scottsdale as a destination, they did a series of television interviews, including an in-studio feature on Univision. Mr. Ramirez highlighted the relationship with Southern California partners to promote the Scottsdale event in a variety of ways, including social media and print media. He also discussed the footprint expansion of this year's Scottsdale event. The event will focus on a full one-day experience of large art activations and performances, including activation of a Mercado market. Staging will be installed to provide the audience clear sightlines of performances.

Programming will be expanded, with performers from Hollywood and Mexico City. Alliance with the local Phoenix Day of the Dead has agreed to join the event again to augment the community procession. The local artist collective has been expanded to include over 30 pieces by local artists alongside art from Los Angeles top tier artists. They have developed a program with St. Patrick's Community Church and Our Lady of Perpetual Help for a family altar collective. Ms. Treviño stated that the past survey report showed that 98 percent of attendees rated the festival as good or excellent and 96 percent said they would recommend it to a family member.

Brian Cannon, Director of Evangelization and Family Life at St. Patrick Catholic Community, Rad Massanelle, President of the Board of Old Adobe Mission and Lacrechia Torba, professional artist and participant in the inaugural event, each spoke in support of the event.

Commissioner Alspaugh asked about the percentage of local versus outside artists participating. Mr. Ramirez said the first year was intended to initiate a campaign to bring in local artists. Moving forward, the ratio has been approximately 50/50. In addition to returning artists, six to seven new artists are joining.

Commissioner McKenzie noted that while the event is decreasing from three days to one day, the budget is increasing from \$35,000 to \$70,000. Mr. Ramirez clarified that last year, they requested \$65,000 and this year are requesting \$70,000. The marketing direct spend is \$35,000. It will be a larger festival focused on a full day of activations. The art will be presented and installed on Friday as a soft opening. If the Commission feels it is necessary to expand by one more day, they are willing to do so.

Commissioner Newman inquired as to the economic impact of the event over the last couple of years. Mr. Ramirez said between 20 to 25 local restaurants and bars were heavily impacted. They were so inundated that the owners suggested the event bring in some of its own vendors. They have developed a relationship with the Omni Resort to create packages for guests and are looking at three other hotels to begin similar programs. Ms. Treviño added that 41 percent of people surveyed were coming from outside the Metro Phoenix area. Sixty percent of attendees stayed in Scottsdale during the event.

Commissioner Henry expressed uncertainty regarding going from three days to one day in terms of economic impact to the community. She asked about the possibility of increasing the number of days. She also asked about the marketing focus demographically. Mr. Ramirez said marketing is focused in Southern California, Northern Mexico and Tucson. They focus on areas where people have expendable income. They will continue to campaign with the Diamondbacks. He noted that the TDC funding is intended to activate marketing outside of Phoenix and even outside of Arizona.

Commissioner Alspaugh suggested incorporating the partnership with the Omni into programming, including a VIP event. Mr. Ramirez said they are developing a Scottsdale Dia de los Muertos charity ball for next year. There is also the potential to create a VIP experience for Friday night. This could be the suggested additional programming to take place on November 2nd.

Discussion ensued regarding the possibility of bringing the event back after further information is evaluated, particularly in regard to the event reduction from three days to one day. Mr. Geiogamah said further evaluation can be done, however there are some time constraints. Since the event is in early November, they may need to consider a special meeting to evaluate the event. The event was contract compliant last year.

Mr. Ramirez said that as they have held the event for three days previously, they would be willing to use that format again if preferred by the Commission. Commissioner suggested the possibility of a VIP component on Friday with the main festival on Saturday.

COMMISSIONER HENRY MOVED TO RECOMMEND FUNDING IN THE AMOUNT OF \$70,000 FROM EVENT DEVELOPMENT FUNDS WITH INCLUSION OF A VIP NIGHT ON FRIDAY. COMMISSIONER ALSPAUGH SECONDED THE MOTION, WHICH CARRIED 5-0 WITH COMMISSIONERS ALSPAUGH, HENRY, MCKENZIE, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

6. ArtFest of Scottsdale Event Funding Request

Mr. Geiogamah stated that the event is requesting \$30,000. Last year, they received \$15,000. The total event budget is \$100,000. Frank Maguire, ArtFest of Scottsdale,

stated that he started the event 26 years ago. This summer has been the most successful retail summer for Scottsdale merchants, with an increase in sales of 20 to 30 percent. He stated that TDC's funding saved the festival last year. There were significant issues related to the construction. They lost several artists and refunds had to be issued. This year they are seeing an increase in artists from all over the country, as far away as Maine, the Carolinas and the Midwest.

Andrew Maguire, ArtFest of Scottsdale, provided a brief history of the event. The newly renovated area is set for completion at the end of October; this will be the first major event to take place in the new area. Surveys from last year showed that approximately half the attendees had not been to the festival previously. The community impact includes creating short-time jobs and letting nonprofits participate at no cost. Last year, approximately 27 percent of attendees traveled from out of town, out of state and out of the country. Out of state visitors gave the event a 4.74 percent satisfaction rating. They started a local artist outreach program and received an excellent response the first year, with over 50 local artists applying. Last year, they put the City of Scottsdale name and logo on all advertisements and the website. Funding from TDC will allow outreach expansion exponentially. Knife & Fork Media will be doing a comprehensive media and PR plan to include earned media and a minimum of \$35,000 in value. They will create targeted campaigns towards tourism, art enthusiasts, foodies, music lovers and travelers. They intend to create a better stage and musical acts.

In response to a question from Commissioner Winter, Mr. Maguire stated that a VIP area is to be sponsored by a local restaurant. Staff will visit every hotel concierge in the area, providing them VIP passes.

In response to a question from Commissioner McKenzie, Mr. Maguire confirmed that last year was the first time the event came to the Commission for a request, largely as a result of the construction on the mall. Commissioner McKenzie noted that they have returned this year to request twice as much, even though the mall construction is complete. Mr. Geigamah clarified that funding requests are required to be submitted 90 days or more before an event, however due to the construction, the event was allowed to apply within the 90-day window. They were contract compliant in terms of fair and substantial equal value. If funding is recommended this year for \$30,000, this analysis will be performed again to ensure compliance.

COMMISSIONER HENRY MOVED TO RECOMMEND FUNDING IN THE AMOUNT OF \$30,000 FROM EVENT DEVELOPMENT FUNDS. COMMISSIONER ALSPAUGH SECONDED THE MOTION, WHICH CARRIED 5-0 WITH COMMISSIONERS ALSPAUGH, HENRY, MCKENZIE, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

7. Experience Scottsdale Fourth Quarter Performance Measures Report

Rachel Sacco, Experience Scottsdale, reported that in the past year, they have surpassed all contract metric performance measurements on behalf of the City during the 2018/19 fiscal year. A particular area of focus during the last seven years has been promotion during the holiday season. Occupancy in November and December has increased over the time period by 18 percent. There is also a focus on the summer months with the "It's

that Hot” summer campaign unveiled last year. Throughout the last year, nine videos were produced with the intent to tell Scottsdale’s story in a very unique way. Product training and development were also a focus for the year. Scottsdale Contemporary Month will be entering its second year in October/November, which encompasses the Canal Convergence event.

To better assist visitors, a secondary visitor information center was opened in Old Town near 5th Avenue. Visitor guides and other niche guides were downloaded an unprecedented 60 percent more times this year than the year prior. The website garnered 2.1 million visitor sessions. Articles generated about the City in the last year reached 6.1 billion readers/viewers. To purchase this depth of coverage, they would have had to spend \$48 million in equivalent advertising value. Of the stories generated last year, 44 percent included coverage about Old Town Scottsdale, 38 percent included coverage of the arts and culture scene and 26 percent included the culinary scene. Last year, Experience Scottsdale hosted 384 journalists on individual or group press trips, more than any previous year.

In terms of convention sales and services in the last year, 625 meetings were booked into the Scottsdale market area, 141 percent over the contract goal. These will result in a record of almost 203,000 future room nights with an economic impact of \$96.5 million. A new meetings program was developed to drive business to book in Scottsdale in the summer. In its first year, the program helped book 26 meetings that will result in 34,000 incremental room nights during summer. Over the next several years, this will result in \$12.2 million in additional economic impact. During the last year, 25 percent of leads generated were from customers not previously in the database. Thirty-five percent of attendees on group familiarization programs had not previously visited Scottsdale. During the past year, they convened the first customer advisory board with 16 meeting professionals, in order to hear firsthand how to better position Scottsdale to the meetings industry. The feedback is being incorporated into all programs this year.

As it relates to tourism, the team has been promoting Scottsdale as the world’s greatest leisure destinations. Last year, there were touch points with 3,730 target clients, such as travel agents and tour operators. The goal is to help train professionals, who then interact with customers to become Scottsdale experts. Last year, 47 percent more travel professionals were trained than the year prior. Last year, 286 travel professionals were hosted on group or individual trips. In addition, a program was initiated to reach independent travel consultants.

In summary, tourism is one of the City’s largest, oldest and most important industries. Tourism accounts for more than 21,000 jobs just in the Scottsdale community. Each year, tourism creates an economic impact of \$2.4 billion, including generating tax dollars. Commissioner Alspaugh thanked Experience Scottsdale for their work. She asked about the method of outreach to luxury independent travel consultants.

Ms. Sacco said they are working through the Tourism Department to determine where these individuals may have been registered at various shows. They also analyze visitor history customer analysis, which shows the consolidation of the most important affluent visitors. It is a difficult process, however they continue to build a better database.

8. Event Funding Program Recommendations

- a. Discovery India - \$14,000
- b. Scottsdale Philharmonic - \$17,000
- c. Children's Learning and Play Festival - \$13,000
- d. Arizona National Quarter Horse Show - \$17,500
- e. Persian New Year Festival - \$9,500
- f. Peruvian Horse Show - \$12,000
- g. Arizona Asian Festival - \$15,000
- h. Triple Crown Fall Softball Tournament - \$5,000
- i. Desert Super Cup Soccer - \$5,000
- j. Barrett-Jackson Collector Car Auction - \$30,000

Mr. Geiogamah stated that these are standard application-based event programming requests. Funding is available in the Event Funding Program to allocate to all requested amounts. He noted that staff is not recommending the Scottsdale Philharmonic, due to the location of the event, which is not within the boundaries of Scottsdale. The Arizona National Quarter Horse Show was reduced \$1,000 to \$17,500, based on the fact that one-night event associated with the larger event in December did not qualify. Funding was reduced based on seasonality.

In response to a question from Commissioner Henry, Mr. Geiogamah stated he did not believe the Persian New Year Festival was a charitable event, but that upon review, this particular event was not impacted by this particular criteria. It is a community event and fulfills all other obligations.

COMMISSIONER HENRY MOVED TO RECOMMEND EVENT FUNDING FOR ALL EVENTS EXCEPT 8B AS PRESENTED. COMMISSIONER NEWMAN SECONDED THE MOTION, WHICH CARRIED 5-0 WITH COMMISSIONERS ALSPAUGH, HENRY, MCKENZIE, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

Discussion ensued specifically related to item B, the Scottsdale Philharmonic.

Carol Skjaeris, Scottsdale Philharmonic, thanked the Commission for all of its previous support. The Scottsdale Bible Church is no longer able to accommodate the event, which is why they had to find a venue that would accommodate a large audience. Currently, there is no place in Scottsdale that can do so. She had no idea at the time that the new venue, although it has a Scottsdale address, is a mile from the City limit.

Mr. Geiogamah reiterated that based on the boundary criteria, staff does not recommend funding.

In response to a question from Commissioner Henry, Ms. Skjaeris stated that the symphony season goes from October to May. Commissioner Henry suggested utilizing space at the ballpark. Mr. Geiogamah said the producers of the event have looked at numerous locations. It is a rather large event, requiring seating for 2,000 people.

In response to a question from Commissioner McKenzie, Mr. Geiogamah said that if the Commission were to follow staff's recommendation and deny funding based on the event

location, the application would stop immediately. If the Commission provides a recommendation beyond the criteria established by the Commission and Council, staff would be required to take the recommendation to City Council for evaluation and determination. Ms. Skjaerris stated that the new location is at La Casa De Cristo Lutheran Church at Scottsdale and Bell Roads.

COMMISSIONER MCKENZIE MOVED IN FAVOR OF STAFF'S RECOMMENDATION NOT TO FUND THE SCOTTSDALE PHILHARMONIC EVENT. COMMISSIONER NEWMAN SECONDED THE MOTION.

DISCUSSION:

Commissioner Henry commented that this is a significant loss for the community. She asked whether the event could continue to look for a Scottsdale location in future years. Ms. Skjaerris said they would absolutely do so. The chosen venue was the only one that would accommodate the crowd and stay on schedule. The current contract with the venue is just for this season.

Commissioner Winter said he was torn, because the location is so close to the border. Commissioner Newman stated that although he seconded the motion, he is also torn regarding a decision, however it seems possible to find a venue within Scottsdale limits.

THE MOTION FAILED 2-3 WITH COMMISSIONERS MCKENZIE AND NEWMAN VOTING IN THE AFFIRMATIVE AND WITH COMMISSIONERS ALSPAUGH, HENRY AND WINTER DISSENTING.

Commissioner McKenzie invited another motion.

COMMISSIONER HENRY MOVED TO RECOMMEND FUNDING FOR THE SCOTTSDALE PHILHARMONIC IN THE AMOUNT OF \$17,000 FOR ONE YEAR, WITH THE CONDITION THAT THE EVENT FIND A LOCATION IN SCOTTSDALE FOR NEXT YEAR. COMMISSIONER ALSPAUGH SECONDED THE MOTION, WHICH PASSED 4-1 WITH COMMISSIONERS HENRY, ALSPAUGH, WINTER AND NEWMAN VOTING IN THE AFFIRMATIVE AND WITH COMMISSIONER MCKENZIE DISSENTING.

Mr. Geiogamah stated that staff will bring the event before City Council based on the recommendation.

9. Staff Reports

- a. Staff Bed Tax Collection Report**
- b. Staff Bed Tax Hotel Classification Report**
- c. Bed Tax Proforma**
- d. Program Updates**

Mr. Geiogamah reported that March bed tax collections for the month of May were up 12 percent. Year to date collections are up 12 percent. Retail tax collections are up 7 percent and restaurants are up 11 percent.

For the classification report, resorts are up 3.8 percent. Full service properties are trending down 3.7 percent for the month of May. Limited services are up 13.2 percent. Other transient non-hotel is up by a large percentage, based on delayed collection data. The proforma has been updated, included the event recommended and approved by City Council. The National Scottsdale Taco Festival has been added.

For the Smith Travel Report, occupancy is at 70 percent over the past 12 months, with both RevPAR and average daily continuing to be strong in the market area. In regards to the segmented trend report, between transient and group, group is up 5.4 percent. The regional sections remain fairly strong in regards to ADR and RevPAR. Occupancy is somewhat higher than flat. The northern occupancy is down from prior years, but there has been a bump from the last period.

10. Public Comment

There were no additional public comments.

11. Identification of Future Agenda Items

Commissioner Alspaugh requested a tour of the Scottsdale Stadium as it is right now. Mr. Geiogamah said staff would be happy to schedule such tour and open it to other Commissioners.

Mr. Geiogamah reiterated scheduling of the upcoming work study. No actionable items are anticipated prior to the work study.

In October, there is anticipated to be a New Event funding request for the International Off Road Expo Event.

Longwoods report data should be compiled and ready for presentation in October. In addition, the City has a research program to compile data and information via survey. Such a survey may be sent out to Commissioners for input.

Ms. Churchard anticipates Super Bowl funding to be addressed in October. In addition, staff is traveling to the Headquarters of the Federal Equestrian International for the FEI World Championship 2022 vaulting and ringing competition in September. Staff is expected to present to the Commissioner in October for a formal request regarding the selection process.

In response to a question from Commissioner McKenzie, the request by the Super Bowl Host Committee is \$1.2 million from Scottsdale. They requested \$3 million total in commitments from the cities for the 2015 game and are now requesting \$6 million for the 2023 game.

12. Adjournment

With no further business to discuss, being duly moved by Commissioner Winter and seconded by Commissioner Alspaugh, the meeting adjourned at 9:52 a.m.

AYES: Commissioners Alspaugh, Henry, McKenzie, Newman and Winter

NAYS: None

SUBMITTED BY:

eScribers, LLC